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FISCAL IMPACT STATEMENT

LS 6847

BILL NUMBER: SB 202

NOTE PREPARED: Mar 1, 2006

BILL AMENDED: Feb 28, 2006

SUBJECT: Pharmacy, Cigarette Displays, and Wholesale Distributor Matters.

FIRST AUTHOR: Sen. Riegsecker

FIRST SPONSOR: Rep. T Brown

BILL STATUS: As Passed House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill allows a mechanical device that dispenses drugs to be used at certain remote locations and health care facilities. It removes authority for pharmacist extern programs and adds persons who are allowed to be pharmacist interns. The bill changes references from the Foreign Pharmacy Graduate Equivalency Examination to the Foreign Pharmacy Graduate Examination Committee Certificate. The bill also removes the practical examination requirement for certain pharmacists who are licensed in another jurisdiction.

The bill provides that a person who has not renewed a pharmacist license within seven years must apply for a new license. It allows certain hospitals to operate Type II pharmacies in approved locations near the licensed area. It also prohibits licensing a pharmacy in a residence. The bill also authorizes the Board of Pharmacy (Board) to temporarily suspend certain statutes or administrative rules that would prevent, hinder, or delay the appropriate delivery of pharmaceutical care during a state of emergency declared by the Governor or the President of the United States.

The bill prohibits pharmacies and certain retail establishments from selling cigarettes through a self-service display.

It provides that companies that only manufacture or distribute medical gases are not wholesale drug distributors or manufacturers. It adds and amends definitions concerning wholesale drug distributors and allows the Board to appoint a designee to inspect wholesale distribution operations. This bill also requires a person seeking a wholesale drug distributor license to provide the Board with criminal history and financial background checks.

It requires a record keeping pedigree for certain legend drugs that leave the normal chain of custody. It removes the requirement that drug distributors have: (1) a continuous quality improvement system; and (2) policies concerning certain drugs that may be returned. The bill also requires applicants that have been denied accreditation by certain wholesale drug accreditation bodies that have an agreement with the Board have the right to a Board review of the accreditation denial.

The bill allows the Board to grant reciprocity to out-of-state home medical equipment service providers. It makes certain other changes, including conforming and technical changes. It also repeals provisions concerning: (1) temporary pharmacist licenses; (2) qualifications to be an authorized wholesale drug distributor; and (3) certain random authentications of pedigrees by wholesale drug distributors.

Effective Date: Upon passage; July 1, 2006.

Explanation of State Expenditures: The bill repeals the temporary pharmacist license, the extern pharmacist program, and removes the requirement for the Pharmacy Board to post drug manufacturer's lists of authorized distributors on the Board's Internet web site. Removing these provisions will likely reduce expenditures of the Professional Licensing Agency and the Pharmacy Board; however, the fiscal impact should be minimal.

Penalty Provision: Effective January 1, 2006, a wholesale drug distributor is required to conduct certain random authentications of drug pedigrees for drugs purchased from other wholesale drug distributors and report any pedigrees that cannot be authenticated to the Board. Failure to comply with this requirement constitutes a Class D felony. This bill repeals this requirement and will have an insignificant fiscal impact, if any.

Explanation of State Revenues: The bill prohibits pharmacies and certain retail establishments from selling cigarettes through a self-service display. This provision does not apply to self-service displays located in a pharmacy or other retail establishment that has a primary purpose to sell cigarettes and prohibits entry by persons who are less than 18 years of age. The bill establishes a Class C infraction for selling or distributing cigarettes through a self-service display by a pharmacy or other retail establishment except as provided above. A Class C infraction is subject to a \$500 civil judgment. Any associated civil penalties that may be collected must be deposited in the Richard C. Doyle Youth Tobacco Education and Enforcement Fund, a dedicated non-reverting fund that is administered by the Alcohol and Tobacco Commission.

Background: The Richard C. Doyle Youth Tobacco Education and Enforcement Fund had a free balance of \$268,379 at the end of FY 2005. The fund/center had a free balance of \$355,031 as of February 23, 2006.

The bill allows hospitals holding a Type II permit to operate remote locations nearby if the hospital files an application and has the location inspected. Presumably, the Pharmacy Board will charge an application fee to cover the costs of the application and inspection process. The fiscal impact will depend on the number of remote locations hospitals seek permits for and the amount of the fee. Currently, a \$100 fee is charged for new store applications, and a \$50 fee is charged for change of location applications.

The bill also allows the Pharmacy Board to issue licenses to out-of-state home medical equipment services providers via reciprocity. Beginning July 1, 2006, home medical equipment services providers must have a license issued by the Board of Pharmacy. The fee for an initial license is \$150. The fiscal impact of this provision will depend on the number of out-of-state providers who seek licensure in Indiana.

Background Information: In FY 2005, the Pharmacy Board received \$1.3 M in revenue from licensing fees for pharmacists, pharmacist intern/externs, and pharmacies. Revenue from licensing fees is distributed to the state General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Professional Licensing Agency; Pharmacy Board.

Local Agencies Affected:

Information Sources: Indiana Auditor of State, *Revenue Trial Balance*, June 30, 2005.

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